Form 3160 5
(August 2007)

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

FORM APPROVED
OMB No 1004-0137
Expires: July 31, 2010

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE – *Other instructions on page 2.*

5 Lease Serial No.
NM-036249

6. If Indian, Allottee or Tribe Name

7. If Unit of CA/Agreement, Name and/or No
NM 70927X

1. Type of Well
☐ Oil Well ☐ Gas Well ☑ Other Water Injection

8. Well Name and No
Cortland Myers Unit #01, #3, #4

2. Name of Operator
Kerns Petroleum, Inc.

9 API Well No. 30-025-11194; 30-025-11197; 30-025-11198

3a. Address
1777 NE Loop 410, Ste 930
San Antonio, TX 78217

3b Phone No *(include area code)*
210-829-7881

10. Field and Pool or Exploratory Area
Langlie Mattix

4 Location of Well *(Footage, Sec , T ,R ,M , or Survey Description)*
Sect 22 - 24S - 37 E 1980 FSL + 1980 FWL

11. Country or Parish, State
Lea County, New Mexico

12 CHECK THE APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
☐ Notice of Intent	☐ Acidize	☐ Deepen	☐ Production (Start/Resume)	☐ Water Shut-Off
	☐ Alter Casing	☐ Fracture Treat	☐ Reclamation	☐ Well Integrity
☑ Subsequent Report	☐ Casing Repair	☐ New Construction	☐ Recomplete	☑ Other Response to Incident Noncompliance #AJM-055-08
	☐ Change Plans	☐ Plug and Abandon	☐ Temporarily Abandon	
☐ Final Abandonment Notice	☐ Convert to Injection	☐ Plug Back	☑ Water Disposal	

13 Describe Proposed or Completed Operation. Clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof If the proposal is to deepen directionally or recomplete horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports must be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompletion in a new interval, a Form 3160-4 must be filed once testing has been completed. Final Abandonment Notices must be filed only after all requirements, including reclamation, have been completed and the operator has determined that the site is ready for final inspection)

See Attachment (for approval of water disposal on lease)

RECEIVED
APR 16 2008
HOBBS OCD

ACCEPTED FOR RECORD
APR 14 2008
/s/ JD Whitlock Jr
BUREAU OF LAND MANAGEMENT
CARLSBAD FIELD OFFICE

14. I hereby certify that the foregoing is true and correct Name *(Printed/Typed)*
Kerry Johnston

Title Vice President

Signature Kerry Johnston

Date 04/01/2008

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by Chris Williams

Title OC DISTRICT SUPERVISOR/GENERAL MANAGER

Date APR 29 2008

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon

Office

Title 18 U.S.C. Section 1001 and Title 43 U S C Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction

(Instructions on page 2)

ATTACHMENT to Incident of Noncompliance # AJM-055-08

The following information is needed before your disposal of produced water can be approved, per Onshore Oil & Gas Order #7

You may attach this information to your Sundry Notice (3160-5). Submit all required information as per this attachment, submit a Sundry Notice(3160-5).one original and five copies to this office within the required time.

1. Name(s) of all formation(s) producing water on the lease. Queen Formation

2. Amount of water produced from all formations in barrels per day. 90-120 BWPD

3 A CURRENT water analysis of produced water from all zones showing at least the total dissolved solids, ph, and the concentrations of chlorides and sulfates. (attached)

4. How water is stored on the lease. two 250 bbl tanks

5 How water is moved to the disposal facility injection pump at battery moves water to two injection wells: CMU #2 WIW and CMU #5 WIW

6. Identify the Disposal Facility by:
   A. Operators' Name Kerns Petroleum, Inc.
   B. Well Name Cortland Myers Unit; wells #2 and #5
   C. Well type and well number water injection wells
   D Location by quarter/quarter, section, township, and range #2: SE SE Sec. 22-T24S-R37E, #5: SW SE Sec. 22-T24S-R37E (660 FSL, 1980 FEL)

7. A copy of the Underground Injection Control Permit - issued for the injection well by the Environmental Protection Agency or New Mexico Oil Conservation Division where the State has achieved primacy.

North Permian Basin Region
P O. Box 740
Sundown, TX 79372-0740
(806) 229-8121
Lab Team Leader - Sheila Hernandez
(432) 495-7240

Water Analysis Report by Baker Petrolite

Company:	SAXON OIL COMPANY *	Sales RDT:	44217
Region:	PERMIAN BASIN	Account Manager:	FRANK GARDNER (505) 390-5194
Area:	JAL, NM	Sample #:	408057
Lease/Platform:	MYERS - CORTLAND UNIT	Analysis ID #:	70988
Entity (or well #):	BATTERY 1	Analysis Cost:	$80.00
Formation:	UNKNOWN		
Sample Point:	WATER INJECTION PUMP DISCHARGE		

Summary	
Sampling Date:	05/01/07
Analysis Date:	05/03/07
Analyst:	STACEY SMITH
TDS (mg/l or g/m3):	55271
Density (g/cm3, tonne/m3):	1 039
Anion/Cation Ratio:	1
Carbon Dioxide:	0 PPM
Oxygen:	
Comments	

Analysis of Sample 408057 @ 75 °F

Anions	mg/l	meq/l	Cations	mg/l	meq/l
Chloride:	**30974.0**	**873.66**	**Sodium:**	**16255.8**	**707.09**
Bicarbonate:	**662.0**	**10.85**	**Magnesium:**	**1518.0**	**124.88**
Carbonate:	**0.0**	**0.**	**Calcium:**	**2287.0**	**114.12**
Sulfate:	**3296.0**	**68.62**	**Strontium:**	**46.0**	**1.05**
Phosphate			**Barium:**	**0.2**	**0.**
Borate:			**Iron:**	**6.0**	**0.22**
Silicate			Potassium	226.0	5 78
			Aluminum		
Hydrogen Sulfide		170 PPM	Chromium		
pH at time of sampling		7 4	Copper		
pH at time of analysis			Lead		
pH used in Calculation:		**7.4**	Manganese:	0 0	0
			Nickel		

Conditions		Values Calculated at the Given Conditions - Amounts of Scale in lb/1000 bbl										
Temp	Gauge Press.	Calcite CaCO3		Gypsum CaSO4*2H20		Anhydrite CaSO4		Celestite SrSO4		Barite BaSO4		CO2 Press
°F	psi	Index	Amount	Index	Amount	Index	Amount	Index	Amount	Index	Amount	psi
80	0	1 22	77 32	0 06	180 53	0 01	31 53	0 14	8 63	0.90	0 00	0 23
100	0	1 28	85 95	0.03	89 60	0 05	118 47	0 13	8 63	0.73	0.00	0 33
120	0	1.33	95 24	0 01	32 19	0 11	256.53	0 14	8 96	0.59	0.00	0 46
140	0	1 39	104.54	0 00	3.98	0 19	424.12	0 16	9 96	0 47	0 00	0 63

Note 1 When assessing the severity of the scale problem, both the saturation index (SI) and amount of scale must be considered

Note 2. Precipitation of each scale is considered separately Total scale will be less than the sum of the amounts of the five scales

Note 3 The reported CO2 pressure is actually the calculated CO2 fugacity It is usually nearly the same as the CO2 partial pressure

* Working Interest partner of Kerns Petroleum